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HOW MUCH CAN WE INFLUENCE THE GROWTH OF INDUSTRY IN RURAL AREAS

A Report Prepared By The Fantus Company
Under Contract With
The United States Department of Agriculture

UNITED STATES DEPARTMENT OF AGRICULTURE

October 1970

The findings and recommendations contained in this report are those of the Fantus Company and do not necessarily represent the views or policies of the United States Department of Agriculture.

HOW MUCH CAN WE INFLUENCE THE GROWTH OF INDUSTRY IN RURAL AREAS?

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As principals of the Fantus Company, a subsidiary of Dun & Bradstreet, Leonard C. Yaseen and Maurice Fulton combine more than 67 years of experience in selecting locations for manufacturing facilities and corporate headquarters. Their recommendations have shaped the investment decisions of more than 3,000 clients, including General Foods, Prudential Insurance, Merck, Uniroyal, Jones & Laughlin, Borden, American Express, First National City Bank, General Telephone, Eastern Airlines, National Cash Register, Union Carbide, Mobil Oil and Olivetti.

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SUMMARY

Efforts to balance our population growth geographically must involve expansion of industry into more of the Nation's 5,100 communities in the 2,500 to 50,000 population bracket. Communities of this size offer an exceptionally wide range of rural locational situations. Many, however, will fail to attract the attention of industry unless Federal resources are used more effectively.

Industry's search for locations requires two types of programs: those which generate data needed to compare and screen a wide range of community sizes and geography, and the provision of economically sound community aids which can be delivered when needed.

Federal resources should be used to develop these high priority programs:

- Research on location opportunities specific to community size and geography and documented with industry cost data.
- Systematic publication of employment and earnings data for an adequate number of smaller labor markets.
- A nationwide system of regional development commissions.
- Equalization of family welfare payments among States.
- Selective real estate tax policies to control expansion of industry inside and outside congested areas.
- A re-evaluation of area concepts and statistical practice to provide data more appropriate to the formulation of rural development policies.
- Additional credit instruments to provide 100 percent public-private financing of plants in all rural areas.

Existing Federal programs are not adequate in all respects to develop favorable locational situations in many rural areas. The principal needs are a) more effective procedures to develop plant sites, b) tax credits for in-plant training of employees, c) incentives for installing anti-pollution equipment, d) a system to communicate the variety of life styles to be found in smaller communities, e) interim subsidies to compensate transportation carriers for higher costs in regions of traffic imbalance, and f) special financial incentives in "remote" areas.

On the basis of demand in the recent past, planning for industry outside metropolitan areas should provide at least 15,000 to 20,000 acres of new plant sites every year.

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UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
S&PF R-2
Denver

REPLY TO: 1630 Written Information (3610)

November 18, 1970

SUBJECT: Fantus Report

TO: Director, Rocky Mountain Station

The Fantus Company, a subsidiary of Dun & Bradstreet, recently completed a study for our Department on influencing the growth of industry in rural areas. This company, one of the most successful industrial locators in the country, used their experience in over 3,000 cases as the basis for this report. One copy is attached.

You are free to use this report without restrictions in your efforts to further rural development and in dealings with local, regional, and state officials.

Walter E. Poof

for FRANK J. KOPECKY
Assistant Regional Forester
State and Private Forestry

Enclosure (1)

This is in Herrick's 3610 File.

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